August 30, 2010

ELBIT IMAGING LTD.
Financial Results for 2nd Quarter 2010

www.elbitimaging.com

Financial and operational highlights

- Our subsidiary, Plaza Centers N.V ("Plaza" or "PC") (LSE: PLAZ) (WSE: PLAZ/PLAZACNTR) has opened two new commercial centers. The Zgorzelec Plaza in Poland (13,000 sqm of GLA) which opened on March 2010 and Suwalki Plaza, Poland, (20,000 sqm of GLA) which opened on May 2010.

- Launch of Elbit Plaza USA, L.P. ("Elbit Plaza USA"), a real estate investment venture jointly formed by Elbit and PC. Elbit Plaza USA signed a Co-investment agreement with Eastgate Property ("Eastgate") according to which Elbit Plaza USA and Eastgate have agreed to invest an aggregate amount of $200 million (to be split 50:50), to take advantage of opportunities in the U.S. retail and commercial real estate sectors. ("US FUND")

- In June 2010 the, US Fund successfully raised from Menora Mivtachim Insurance Ltd. and certain of Menora's affiliates ("Menora"), one of Israel's leading insurance companies, $31 million of capital commitments.

- Completion of the US Fund's first investment in the USA, with an approximately US$114 million investment in Macquarie DDR Trust ("Trust"), an Australian publicly traded trust (ASX:EDT), which as at June 30, 2010 held and managed two US REIT portfolios totaling 75 retail properties located across 23 states of the USA. The US Fund holds an approximate 48% ownership interest in the Trust, which was subsequently, renamed EDT Retail Trust.

- In March we have raised a principal amount of NIS 100 million of Series G debentures for cash consideration of NIS 100 million.

- In January and February 2010 PC has raised the principal amount of NIS 308 million of series B debentures for cash consideration of NIS 330 million.

- In June Gamida Cell announced that the Gamida Cell-Teva Joint Venture has received an FDA Fast Track Designation for StemEx to develop an alternative to a bone marrow transplant for patients with blood cancers such as leukemia and lymphoma.

- In April 2010 Elbit and Park Plaza hotels (50:50) has acquired one of the largest conference hotels in the Netherlands, located near Amsterdam Schiphol Airport.

- Opening of two new GAP stores by Elbit trade and retail in Azrieli Tel Aviv and in Arena Herzliya.

Key highlights since the period end

- In August 2010 we have raised a principal amount of NIS 210 million of Series G debentures for cash consideration of NIS 200 million.
- In July 2010 Elbit trade and retail opened a new GAP store in Eilat.

- In August 2010, Elbit sold 15 million of PC's ordinary shares to a polish institutional investor. The gross proceed of such sale was approximately NIS 98 million. Following the transaction we currently own approximately 62.4% of PC's share capital.

KEY FINANCIAL DATA AND PRESENTATION BY CFO OF SIGNIFICANT FINANCIAL RESULTS FOR Q2 2010

Three months ended June 30, 2010 compared to corresponding Quarter of 2009

Consolidated revenues for three months period ended June 30, 2010 were NIS 561 million compared to NIS 167 million reported in the corresponded period of 2009. The increase is mainly attributable to gain from bargain purchase in the amount of NIS 385 million recorded as result of the acquisition of 48% stake in EDT Retail executed in June 2010. The gain represents the difference between the costs of the acquisition of EDT shares and the fair value of EDT net assets as of the acquisition date.

- **Revenues from commercial centers** in Q2 2010 were NIS 27 million as compared to NIS 22 million in the corresponded period of 2009. In the current quarter and in the corresponded quarter of 2009, we didn’t executed sale of commercial centers and same according to our strategy to hold and operate our commercial centers till the market conditions will improve.

- **Cost of commercial centers** in Q2 2010 amounted to NIS 37 million compared to NIS 49 million in Q2 2009. This decrease is mainly attributable to a devaluation of the EURO against the NIS.

- **Revenues from hotels operations and management** amount to approximately NIS 101 million in Q2 2010 without any material changes from the corresponded period of 2009. Same resulted from the improvement in revenues from our hotels in the UK and Belgium, offset by the devaluation of the EURO and the Pound against the NIS.

- **Costs and expenses from hotels operations and management** in Q2 2010 decreased to NIS 83 million compared to NIS 92 in Q2 2009. The decrease was mainly resulted from the devaluation of the EURO and the Pound against the NIS.

- **Revenues from sale of medical systems** in Q2 2010 amounted to NIS 8 million compared to NIS 16 million reported in the corresponded period in 2009.

- **Costs and expenses of medical systems operations** in Q2 2010 amounted to NIS 16 million compared to NIS 16 million reported in the corresponded period in 2009.

- **Revenues from retail activities** increased to NIS 40 million in Q2 2010 compared to NIS 28 million in the corresponded period in 2009. This increase is attributed mainly to the operations of GAP stores which started at mid 2009.

- **Cost and expenses from retail activities** increased to NIS 41 million in Q2 2010 compared to NIS 28 million reported in the corresponded period last year.

- **Research and development expenses** in Q2 2010 amounted to NIS 14 million compared to NIS 17 million reported in the corresponded period last year.

- **General and administrative expenses** in Q2 2010 amounted to NIS 17 million compared to NIS 16 million in Q2 2009.

- **Financial expenses, net** in Q2 2010 decreased to NIS 50 million compared to NIS 190 million reported in the corresponded quarter last year. The decrease of NIS 140 million relates mainly to non cash income detailed as follows:

  (i) decrease in the amount of NIS 202 million is attributable mainly to non cash income derived from change in fair value of financial instruments (mainly Plaza Centers notes, currency and interest hedge transactions, derivatives and marketable securities all measured at fair value through profit and loss) which contribute to income of NIS 60 million in Q2 2010 as compared to expenses of NIS 142 million in Q2 2009;

  (ii) Increase in the amount of NIS 61 million in non cash expenses related to exchange rate differences in the amount of NIS 51 in Q2 2010 million as compared to exchange rate income of NIS 10 million in the corresponded quarter of 2009.

Income attributable to the equity holders of the company in Q2 2010 was NIS 216 million (the total income including minority interest totaled to NIS 275 million) as compared to loss attributable to the equity holders of the Company in the amount of NIS 207 million in the corresponded quarter of 2009 (total loss including the minority interest totaled to NIS 252 million.

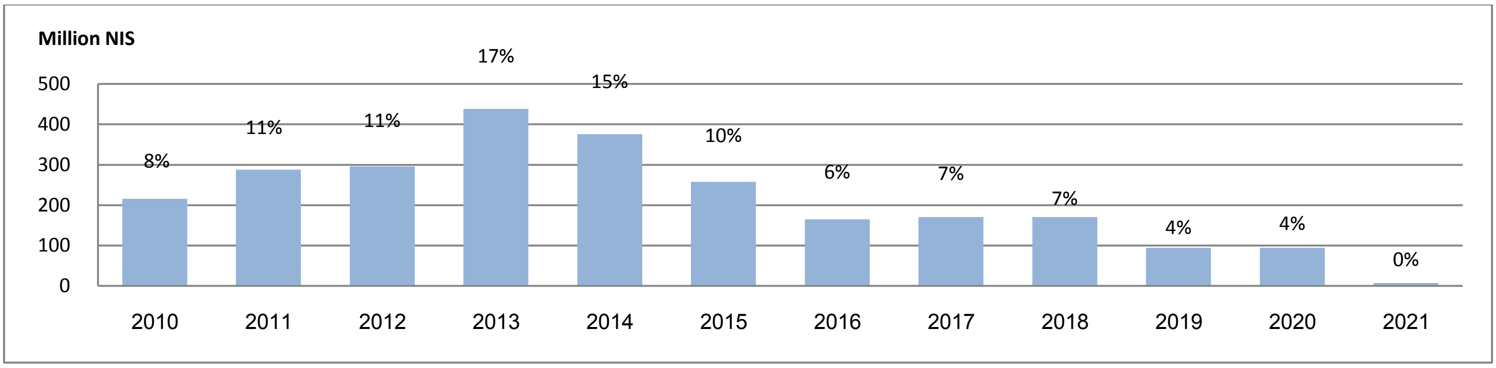
Our shareholders' equity as of June 30, 2010 amounted to NIS 2.2 billion compared to NIS 2.1 billion in December 31, 2009.

Mr. Doron Moshe - CFO

FINANCIAL STRENGTH & LIQUIDITY

- Positive working capital of NIS 3.3 billion.
- Consolidated cash balances of NIS 2.0 billion.
- Shareholders' equity of NIS 2.2 billion.
- Consolidated debt of NIS 8.5 billion.
- Cash at Company's head office of NIS 0.8 billion.
- Net debt at Company's head office of NIS 2.1 billion.
- Gross debt at Company's head office of NIS 2.9 billion.

Head-Office Principal long-term Debentures maturities



PLAZA CENTERS

- Strong cash position maintained, providing ongoing support for current development activity and enabling Plaza to take advantage of opportunities arising in the current market to acquire high yielding mature assets or invest in new markets.

- Development activities limited to projects located in areas with the highest market demand and with favourable financing opportunities. The remainders of Plaza’s development pipeline projects are either in the design phase or waiting permitting. Commencement of these projects will depend, amongst other things, on the availability of external financing.

- Although Plaza’s strategy in the last years is to sale its projects, Plaza is in a position where it does not have to execute forced sales of projects. If yields continue to be high on completion of the projects, it will take advantage of its experience gained during 14 years of operations in managing and running shopping malls effectively and hold the investment in its portfolio until sufficient sale yields are achieved.

Financial Highlights

- Zgorzelec Plaza, Poland totalling 13,000 sqm GLA was opened in March 2010 and was approximately 75% let on opening with tenants including H&M, KappAhl and Douglas.

- Suwalki Plaza, Poland a 20,000 sqm GLA shopping center was opened in May 2010. The center was approximately 80% let on opening to major international and local brands such as H&M, New Yorker, Douglas, and Deichman

- Construction expected to commence later this year on two major new projects at Torun, Poland and Kragujevac, Serbia both with significant pre-lets in place. Financing of Kragujevac commercial center was secured in August 2010 with financing 70% (€33 million) of the development costs and the financing of the Torun commercial center is set to be finalized shortly.
- In July 2010 Plaza's Board approved a bond issuance program for the issuance in Poland up to the maximum amount of PLN 300 million (approximately €75 million),in several tranches. The tranches have been approved for issuance between July 2010 and the end of 2016.

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Plaza Portfolio

Plaza Currently has 37 assets and projects under development, located across the Central and Eastern European region and in India. The location of the assets under development, operating assets, as well as office buildings, is summarized as follows:

	Number of assets		
Location	Operating shopping centers	Under development	Offices
Romania	-	8	1
India	-	6	-
Poland	2	5	
Czech Republic	1	2	1
Hungary	-	3	1
Serbia	-	3	-
Bulgaria	-	2	-
Greece	-	1	-
Latvia	1	-	-
Total	4	30	3

Plaza financial strengths and liquidity

- Positive working capital of € 0.74 billion.
- Cash and cash equivalents balances of € 0.2 billion (€ 0.23 billion - including short term and long term balances)
- Shareholders' equity of € 0.65 billion.
- Consolidated borrowings of € 0.74 billion.
- Net asset Value for December 31, 2009 of € 0.66 billion according to external evaluator.

HOTELS DIVISION

- Over 16-year track record of constructing and managing hotels in Western European cities - the Company has been active in the region since 1993 and in 2000 expanded its activities into Eastern Europe;

- The Company's portfolio consists of 2,674 rooms located across 10 hotels.

- Rating and location - Most hotels have been awarded 4 star rating and are located adjacent to major transportation facilities;

- Strong brand names - The Company has become widely recognized in Western Europe with the "Park Plaza" brand name, which holds exclusive franchise rights through a territorial license agreement with Carlson, a leading US travel and hospitality company. Three of our hotels (in Antwerp and in Bucharest) are managed under the "Radisson" brand name;

Key Highlights

- In April 2010 Elbit and park plaza hotels (50:50) has acquired one of the largest conference hotels in the Netherlands, located near Amsterdam Schiphol Airport. The property has been acquired for EUR 30 million out of which EUR 28 million has been financed via an increase to the existing credit facility. The property offers 342 contemporary Guestrooms.

Following is our hotels portfolio:

Operating Hotel	Rank	Location	No of rooms	Controlling Stake
Park Plaza Victoria, Amsterdam	*4 stars Deluxe*	*Amsterdam, The Netherlands*	*305*	*50%*
Park Plaza Utrecht, Utrecht	*4 stars*	*Utrecht , The Netherlands*	*120*	*50%*
Park Plaza Airport Amsterdam	*4 stars*	*Lijnden, The Netherlands*	*342*	*50%*
			767	
Park Plaza Astrid, Antwerp	*4 stars*	*Antwerp, Belgium*	*252*	*100%*
Park Inn	*3 stars*	*Antwerp, Belgium*	*61*	*100%*
			313	
Park Plaza Sherlock Holmes, London	*4 stars Deluxe*	*London, UK*	*119*	*50%*
Park Plaza Victoria, London	*4 stars Deluxe*	*London, UK*	*299*	*50%*
Park Plaza Riverbank, London	*4 stars Deluxe*	*London, UK*	*460*	*50%*
			878	
*Centerville Hotel Apartments**	*4-5 stars*	*Bucharest, Romania*	*292**	*77%*
Radisson SAS Bucharest	*5 stars*	*Bucharest, Romania*	*424*	*77%*
			716	
Total operating hotels			**2,674**	

(*) Including: (i) 230 guest apartments at four stars rank with various sizes of the rooms (1 to 5 rooms); (ii) 62 guest Elite apartment at 5 star rank with two or three rooms, various layouts and sizes.

- For estimated value per room in European region please refer to HVS international (Global Hospitality Services) web site ***www.hvs.com***.
- Total cost of our hotels in our financial statements, as of June 30, 2010 is NIS 1.4 billion.
- Net debt of our hotels in our financial statements, as of June 30, 2010 is NIS 1.1 billion.

INDIA DIVISION - Real Estate

- The real estate projects are related to the Joint venture signed between PC and Elbit, to develop three major mixed use projects in India, predominantly in the residential sector, located in the cities of Bangalore, Chennai and Kochi.

- As of June 30, 2010 the Company invested a total of NIS 917 million in its real estate projects in India which are presented in the balance sheet of the company in the following items:

Items in the Balance sheet	
	June 30,2010
	NIS MILLIONS
Trading property (**)	658
Prepayment and other assets (**)	228
Investment property	31
Balance 30.6.2010 (Including Plaza Centers share) (*)	**917**

(*) Not including three other projects in India for the construction of commercial centers. These fall within the commercial Centers Division acting through Plaza centers and are part of the trading property Item.

(**) 50 % of the amount derives from Plaza centers FS.

US YIELDING ASSETS DIVISION

General

Elbit and Plaza has indentified in mid 2009 that U.S. real estate market conditions have created an opportunity for the acquisition of shopping centers with yields ranging between 7%-10%, and enjoyment of immediate rent proceeds without taking any entrepreneurial risks. We believe that when the world overcomes the current crisis and yields ranging between 5%-7% we will be able to enjoy significant value uplifts in 2-3 years .

Strategy

- To establish A Fund which will attract Israeli and international institutional investors to invest in the US real estate market ;
- Stable and dominant assets to be acquired from crisis stricken owners and lenders.
- Willingness to hold the assets for a period of three to five years, until U.S. assets are traded again, following the recession, at their historical yields and values.
- Engage in active asset management, during the holding period, so as to preserve the properties' cash flow, enhance tenant mix and position the asset to outperform its competitors.
- Our ultimate goal is to sell the assets as a portfolio or individually, so as to realize highest value to the investors.

USA YIELD ASSETS DIVISION (Cont.)

Establishment of US Fund

In February 2010 Elbit Plaza USA, a new Real Estate Investment Partnership with Plaza, entered into a framework and co-investment agreement with Eastgate Property LLC (“Eastgate”) according to which , Elbit Plaza USA and Eastgate have jointly committed to invest a total of USD 200 million in equal shares in one or more dedicated US real estate investment platforms, which will focus on investments in the US commercial real estate sector (collectively, the “Fund”).

In June 2010 Elbit Plaza USA and Eastgate have raised from Menora Mivtachim Insurance Ltd. (“Menora”), a leading pension insurance entity in Israel, and certain of Menora’s affiliates, USD 31 million of capital commitments.

Acquisitions of EDT

As announced on 22 April 2010, EPN (a real estate investment venture jointly formed by Elbit Plaza USA and Eastgate entered into a series of agreements for the investment in EDT, an Australian investment trust which manages two US REIT portfolios located in 23 states of the USA**.** EPN holds an approximate 48% ownership interest in the Trust following completion of the transaction, which included:

- EPN acquiring a unitholding representing 15% of the Trust’s units through a A$9.5 million private placement.
- EPN acquiring from Macquarie Group Limited its 2.6% principal unitholding in the trust.
- EDT undertook a recapitalization by way of a pro rata entitlement offer, raising approximately A$200 million.EPN served as the sub-underwriter in such entitlement offer which enable it to increase it's unitholding in the trust to approximately 48%.
- EPN acquiring from Macquarie Group, its 50% interest in the entity which is the owner of the responsible entity of the trust, with the other 50% owned by

Developers Diversified Realty Corporation ("DDR"), for an approximate consideration of US$3 million.

As a result, EPN has become its largest unitholder, and has the right to appoint the majority members of the board of the responsible entity of the Trust. Elbit Plaza USA effective holding in EPN is approximately 43.3 %.(Eastgate is holding 43.3% and Menoarh is holding approximately 13.4%)

The net proceeds of the private placement and recapitalization by EDT were used to repay all unsecured debt facilities and unsecured derivative obligations (totaling approximately US$108 million), reduce the secured debt facilities and extend the secured debt. Such debt reduction has provided enhanced balance sheet stability to EDT by significantly reducing gearing.

EDT Overview

EDT holds and manages two US REIT portfolios located in 23 states of the USA, which generate a net operating income of circa US$99 million per annum. The portfolio comprises:

- Core Shopping Centres Portfolio, consisting of 48 operating retail properties with an occupancy rate of approximately 88.5%. The value of this portfolio is approximately US$1,349 million as at 30 June 2010 and comprises 10.9 million square feet of leasable area with approximately 460 tenants. Secured non-recourse debt related to this portfolio amounted to circa US$934 million as at 30 June 2010. The weighted average lease term is 5.1 years.

- Single Box Portfolio of 27 stand-alone retail properties, of which EDT owns approximately 50% share, valued at approximately US$140 million as at 30 June 2010. The portfolio has approximately 2.1 million square feet of leasable area, most of which is vacant due to the major tenant going into administration. Secured non-recourse debt relating to this portfolio amounted to approximately US$158 million as at 30 June 2010.Due to the uncertainty of being able to retrieve any equity value from the Single Box Portfolio and significant additional capital being required, EDT, DDR and the loan receiver are now progressing to jointly request that a court appoint a third party receiver to manage and liquidate the remaining assets within the Single Box Portfolio. As at June 30, 2010, the Single Box Portfolio provided no contribution to the Trust's NAV.

Following is the EDT valuation summary of its assets:

30 June 2010 Revaluation Summary	Shopping Centres	Single Box	Total
Number of properties valued	48	27	**75**
June 10 book value (US$ millions)	1,349	70.0	**1,419**
Weighted average cap rates – June 2010	8.58%	12.6%	**8.78%**
Debt	**934**	**70**	**1,004**

The average lease length for the portfolios is in excess of five years, and the assets benefit from a diversified tenant base with the largest occupier representing just 5.9% of the portfolios' annual base rent, with no single lease representing more than 1.9% of annual base rent. The occupancy rate on the portfolios offers significant value enhancing potential from new leases, especially in the Shopping Centres Portfolio which currently has approximately 1.3 million square feet (approximately 120,000 square meters) of vacant space.

DDR also provides property management services for all of the Trust's properties. As at 30 June 2009, DDR owned and managed approximately 690 retail operating and development properties (totaling approximately 151 million square feet) located across 45 US states and certain other regions (including Puerto Rico, Brazil and Canada).

Medical division

Our medical division includes:

- Insightec Ltd which we hold a stake of 59.7% (fully diluted basis). Insightec is engaged in the development, production and marketing of magnetic resonance imaging guided focused ultrasound treatment equipment.
- Gamida Cell which we hold a stake of 28.7% (fully diluted basis). Gamida is engaged in the development of stem cell therapeutics based on its proprietary technologies for stem cells expansion, currently in clinical development for hematological malignancies, as well as future regenerative cell-based medicines, including heart tissue repair.

Key highlights

- On June 22, 2010 Gamida Cell announced that the Gamida Cell-Teva Joint Venture has received an FDA Fast Track Designation for StemEx, in development as an alternative to a bone marrow transplant for patients with blood cancers such as leukemia and lymphoma. The fast track programs of the Food and Drug Administration (FDA) are designed to facilitate the development and expedite the review of new drugs that are intended to treat serious or life threatening conditions and that demonstrate the potential to address unmet medical needs (fast track products).

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